MARKETING

ShowBiz parent merges concepts into one big pie

Chuck E. Cheese, ShowBiz Pizza unify for greater marketing force

by Milford Prewitt

IRVING, Texas — "Concept unification" sounds like one of those heavy physics theories whose meaning is too abstract to have any impact on everyday life.

But for ShowBiz Pizza Time Inc., the phrase is the working title of a major marketing strategy shift in which nothing less than the company's future prosperity is at stake.

The company has taken the first steps to unify its two pizza chains — ShowBiz Pizza and Chuck E. Cheese — under the Chuck E. Cheese brand. ShowBiz Pizza Time will remain the corporate parent name.

Instead of splitting its $9 million marketing budget on two separate chains, the company is seeking a bigger bang for its advertising buck by creating a unified, stronger identity in the quick-serve arena.

Nine former ShowBiz units operated by the company have been converted into Chuck E. Cheese units in what is planned to be a lengthy and careful test before launching the conversion systemwide.

No formal date or deadline has been set to complete the change.

To pave the way for the name change, most of the 15 new stores the company will build in the next year and a half will be named Chuck E. Cheese except for a few special situations.

In systemwide numbers, there are 125 Chuck E. Cheese outlets and 137 ShowBiz outlets, for a total count of 262. The company operates 78 ShowBiz units and 59 Chuck E. Cheese restaurants.

"The early signs of the test are quite positive," said Dick Frank, chairman and chief executive officer. "If this proves to go well, we do see the day when the entire system will be Chuck E. Cheese.

"We're analyzing the markets, and we will continue to follow it, and if we have any indication that we have a problem, we will stop it immediately. But at this point the results are favorable."

Lois Perry, director of advertising and communications, said so far the franchisees have been very supportive of the change and appreciate the advantages of one name and one group of characters, rather than two.

"All in all, I'm amazed at how well both sides support the plan," Perry said.

Mike Hilton, president of the system's franchisee association and an operator of four ShowBiz units, remarked, "I think it's high time.

"I've been preaching for this a long time," Hilton added. "All this time we've been splitting our advertising on two separate entities."

Bryon Schlosser, the system's largest franchisee, with 18 ShowBiz Pizza restaurants under his Topeka, Kan.-based company's management, said he had a few reservations about the plan, but his concerns were dwarfed by the benefits.

"I spent an awful lot of money promoting Billy Bob and the Rock-A-Fire Explosion, and I made him a folk hero to some," Schlosser said. "But it's only logical that we come together behind one name and one character. The sooner, the better."

The decision to test merging the concepts into one comes on the heels of the company's 18th consecutive quarter of same-store sales increases.

With average per-unit volumes near $1.2 million, ShowBiz and Chuck E. Cheese have the distinction of being the highest per-unit sales generators in the pizza business.

But they also have one of the most lopsided sales patterns imaginable: 80 percent of a typical unit's weekly volume is made during the weekend. That's because the company promotes itself primarily to families with children less than 12 years old.

For the company's second quarter ended June 29, ShowBiz — which also operates 27 Monterey's Tex-Mex Cafe Restaurants — reported a 99-percent increase in net income, to $2.5 million, on a 3-percent rise in revenues, to $43 million.

Chuck E. Cheese and 'friends' entertain the young lunch crowd at an Irving, Texas, ShowBiz Pizza.

Although the ShowBiz and Chuck E. Cheese chains are virtually identical except for the name, the most significant aspect of the pending change has a lot to do with what makes ShowBiz Pizza Time one of the most unique operators in the restaurant business.

Each restaurant is an entertainment center with games and rides and is most distinguished by an elaborate robotic music show featuring cartoonlike characters. The characters will bear the initial brunt of concept conversion.

ShowBiz Pizza's characters — a rock-n-roll group led by Billy Bob and the Rock-a-Fire Explosion, will be permanently retired while Chuck E. Cheese, a giant mouse that wears a red vest and matching derby, will be suffused

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AD WATCH

MARKETING DIGEST

ShowBiz Pizza Time Inc.

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throughout both chains in marketing and games.

Chuck E. Cheese has a coterie of singing pals that include a dog named Jasper T. Jowls; Helen Henny, a chicken; Munch, a purple, gorillalike creature; and Pascale, a chef.

A marketing study told the company's planners that Chuck E. Cheese was a far more memorable character than Billy Bob.

Despite the amusements that help to keep customers on the premises for as long as two hours, the company is daunted by a recent marketing study indicating that families visit the restaurants just six times a year.

While switching robotized mascots may seem somewhat trivial, Frank and his executives said the move is fraught with risk and unknowns.

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One of the biggest concerns is the impact the switch will have on ShowBiz franchisees.

"I guess there's a little sentiment seeing the other characters go," said Jul Kamen, director of entertainment and the creator of most of the company's characters. "The franchisees made a lot of money from these characters, and, hopefully, the new characters will make them a lot of money, too."

Kamen estimated that the animated robots, along with the computer systems to control their movement and the video systems that are used when the robots are "taking a break," cost about $100,000 per unit.

Kamen and her group of engineers have created a new show for ShowBiz restaurants that features Chuck E. Cheese as a master of ceremonies presenting his friends, who sing songs that introduce themselves to children unfamiliar with the characters.

SHOWBIZ PARENT MERGES CONCEPTS INTO ONE BIG PIE

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